



MAYOR'S PRESS OFFICE

CITY OF CHICAGO

Budget Address

**Mayor Lori E. Lightfoot
October 23, 2019
As Prepared for Delivery**

Good morning.

Members of the City Council and residents of the City of Chicago:

Just over five months ago, our city came together in a transformative moment to begin building a city that was more transparent, equitable, and prosperous for every community and every resident.

Embarking on a new day of good governance that made our city work for our families and communities, particularly in the neighborhoods that have been historically disinvested.

We affirmed that we – as Chicagoans – are each other's neighbors and we resolved to be each other's business.

That means together we resolve to do the hard work of transforming our city to meet the challenges of today, but also stretch toward the horizon and the promise of each new day.

Fundamental to this resolve is leaving no one behind.

The budget I am proposing for 2020 makes good on that resolve.

A budget must be more than just a list of numbers.

It should be an expression of our shared values and a progressive blueprint for our shared future.

The 2020 budget I propose is transparent, inclusive, and crafted with unprecedented input from every corner of our city.



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But to be clear, this budget also reflects the reality that sacrifices are needed in the work that lies ahead.

In my State of the City address this past August, I gave you my word that while Chicago faces a historic budget deficit, we will not close that gap on the backs of our working families.

The voices from the neighborhoods, our children and adults in need – we cannot pass them by.

No matter the fiscal constraints we face, we will never waiver in using our city's resources to help those most in need.

This budget represents a down-payment on that mission and the first step in a long journey we will be taking as one city together.

We now turn this budget over to the City Council where it should be assessed and debated.

And I invite members of the public – particularly our taxpayers – to continue weighing in just as you have been, online, through emails, surveys, and through our budget town halls.

A robust debate is what our democratic process is all about.

I would like to give a special thanks to Budget Chairman Pat Dowell, along with the other aldermen who have given their input.

And I want to thank this entire City Council for your partnership and collaboration over these past five months.

Together you represent voices across our city's 50 Wards.

Each as unique and different as their elected representatives.



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But those differences – whatever they may be – have not stopped you from rolling up your sleeves and joining with me and my administration on this journey to make meaningful and lasting change.

Over these past five months, we have made significant financial reforms, such as outsourcing workers' compensation.

We unanimously passed the most expansive Fair Work Week legislation in the nation, guaranteeing Chicago's workers the dignity and scheduling predictability they deserve.

And we did it the right way – by bringing everyone to the table to arrive at a sustainable solution.

We also began the process of untangling our city's addiction to its regressive fines and fees. Which traps countless Chicagoans in a cycle of debt and financial ruin – and as a result, keeps revenue off the table.

Thanks again to Clerk Anna Valencia for her leadership and partnership on this important set of reforms.

Now, while we have more work to do, every single one of these measures grew out of our central mission to build a greater city together.

And leave it stronger, fairer, and more prosperous than we found it.

A city where kids who look like me and come from families like mine won't have to beat the odds to get a great education, a good-paying job, raise a family, and pursue their dreams.

As I outlined in my State of the City address, Chicago is staring down an \$838 million budget gap – one of the largest gaps in our history.

Getting that number down to zero required ingenuity, but more than that it required hard choices across both expenditures and revenues.

But this budget is more than just a math problem.



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It's a values statement for what we prioritize and the kind of city we want to be.

The kind of city where our strong, widespread, and dynamic middle class isn't shrinking, but actually growing again.

Where every resident feels safe to walk in their neighborhood – day or night.

Where we all pay our fair share.

Where a single parent can raise a family.

Where entrepreneurs have access to resources to see their businesses thrive.

And the kind of city that no longer grapples with racial wealth and life expectancy gaps that fester and deprive individuals of reaching their God-given potential.

We want Chicago to be a city for men like Tsadakeeyah Emmanuel, who provides healthy food options to South Side communities through his ownership of Marjani Foods.

Tsadakeeyah knows his business but is the first to admit that he doesn't have the training to address some of the issues he encounters, not to mention the access to capital that would help his business grow.

He knows his business would thrive with support in the form of skills training and neighborhood investment.

And that's what this budget does with our investments in neighborhood development and small business training.

We want Chicago to be a city for women like Hilda Frontany, who has spent decades helping individuals in our Latinx community who are struggling with mental health and substance abuse issues get connected to vital resources.

This budget does that as well with our investments in family services and an integrated, holistic mental health system.



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Both Tsadakeeyah and Hilda are here today. Please stand up and be recognized.

Over the past few months, my staff and I have heard the concerns and hopes of countless residents just like Tsadakeeyah and Hilda.

We hosted five Budget Town Hall meetings in communities across our city to hear Chicagoans' ideas about how to make our budget work for them.

This included a Youth Budget Town Hall, planned by members of our Youth Commission, some of whom are here with us today.

While different communities may have focused on different issues, what we heard across every community was the desire to see their tax dollars spent equitably on great schools, healthy neighborhoods, well-paying jobs, and access to city resources.

But what we also heard – time and again – was that residents don't want to see their property taxes increased.

And who can blame them?

That is why – before I go any further – I am here to tell you that we didn't solve our \$838 million budget gap with a large property tax increase in 2020.

Instead, our budget gap was closed through a combination of savings and efficiencies totaling \$538 million, along with a number of carefully chosen revenue sources totaling \$352 million.

Our process began on the foundation of good governance and – as we heard from our Town Halls – driven by the principle that our residents have the right to see their hard-earned tax dollars flowing back to their communities.

Neighborhood investments.

Quality schools.



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Safe streets.

And much more.

In crafting this budget, we also knew that our gap would only grow over the next several years, which meant we needed to cut wasteful spending and establish structural reforms now which will carry us into the future.

And that's exactly what we did.

I'm proud to say over 60 percent of our gap was closed by creating structural solutions.

That means we not only created solutions to help put our fiscal house in order this year, we created solutions to ensure it stays in order for years to come.

Our 2020 budget developed \$150 million in savings and efficiencies through an approach known as "zero-based budgeting," which means we built it from the ground up, ensuring every line was essential to the core service mission of every department.

We also saved \$200 million dollars through debt refinancing.

By improving how we collect the debt we are owed, this budget also saves an additional \$25 million by moving to a new system that ensures payments are expedited and more companies are in compliance.

This budget restructures some of our city departments, ensuring taxpayers get the greatest value for their dollars, while still receiving the highest quality service.

As we announced earlier this month, this budget reforms our public safety agencies by streamlining the administrative functions of our Police, Fire, and OEMC departments into a single agency – the new Office of Public Safety Administration – which will immediately save the City \$2 million.

But these are more than just cost-saving measures.



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By consolidating these units, we will be putting more than 160 police officers and uniform fire members back on the streets where they can do the most good.

That means more police doing police work in your neighborhoods and wards.

Likewise, we will also be merging the Department of Innovation and Technology with the Department of Fleet and Facility Management to create a new department that manages assets and information.

Strengthening the operations of both departments by combining their shared efficiencies and eliminating redundancies – all while reducing costs by approximately \$1 million this coming year.

Yet, while day-to-day operations of our technology infrastructure will be moved into one department, our Chief Information Officer and Chief Data Officer will be placed in the Mayor's Office to ensure technology policy is seamlessly incorporated with cutting-edge approaches in how government can work more effectively and in greater partnership with Chicago's world-class tech community.

In preparing our 2020 budget, we asked every department to take a hard look at their vacancies in order to find more efficient ways to streamline their workforce without significantly impacting services.

The result? Another \$20 million in savings without layoffs.

And this budget makes key reforms to Chicago's Tax Increment Finance program, or what many people refer to as "TIF."

This year's additional surplus to the city is \$31.4 million.

But more than that, my team has undertaken a detailed review process to reform TIF and align it more closely with our economic development needs, and our values of accountability and transparency. The days of the TIF slush fund are over.

As I said before, we committed to examining every possible efficiency and cost-cutting measure before we turned to our taxpayers for new revenue.



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But when we did reach that point, the choices we made were done carefully and equitably.

We know the sacrifices everyone has already made, but we want you to know that we are taking these actions now so we won't have to keep taking them in the future.

So, let me be clear: this budget includes \$352 million in new revenue. But just as with our efficiencies, these new sources are rooted in progressive economic, financial and social policy.

They include reforming Chicago's "real estate transfer tax" – which is a tax that applies to anyone selling or buying a home.

These reforms will bring an additional \$50 million this coming year with an additional \$100 million every year after that.

This is exactly the kind of policy we want to be doing here. Policy that is fiscally sound, and also helps our communities grow.

However – just as with our Chicago casino – we will need cooperation from Springfield in order to get this done.

As everyone here knows, we have spoken at length to the governor and his team, legislative leaders and other lawmakers, business groups, and other organizations about our need for Springfield to support a Chicago casino, as well as develop a statewide pension reform package.

I am proud to report that with this budget, for the first time in our city's history, we will have climbed the ramp to pay for our Police and Fire pensions at the level outside experts say we should be paying for them to ensure their long-term financial stability.

And if we are able to work with Springfield to approve these two measures, Chicago will have all four of our pension funds reach that level and be on the path to structural balance by 2022.



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That is good news.

But if we don't get the authorization we need, we will be forced to make more painful choices when it comes to new sources of revenue.

And we all know what those choices are.

But I have full confidence that we will be able to work with our partners in the state capital to keep that from happening.

Our 2020 Budget includes \$163 million in revenue from emergency services reimbursements.

It also includes additional revenue that is part of our multi-front effort to address increased congestion from rideshare vehicles.

Following our review of congestion data, we've determined an increase in our Ground Transportation Tax on downtown rideshare services on weekdays is warranted. This congestion tax would apply during the key hours between 6am and 10pm when the central business district faces its highest levels of gridlock.

And if we are smart about this, making this small increase will not hurt our neighborhoods or impair accessibility for disabled riders.

To be clear, I reject – and you should be deeply skeptical – of the false narrative rideshare companies are spreading.

The multi-millionaire owners of those companies have had essentially free reign in Chicago.

And if they cared as much about equity as they say, they would cut their drivers in on a bigger share of profits, improve their working conditions, and not pass their costs on to them.

Our rideshare proposal will bring in an additional \$40 million to our budget, while also lowering vehicle emissions and encouraging the use of more efficient modes of transportation, such as public transit.



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And our reforms will improve the playing field for our taxi drivers.

That is a worthy cause and a fight worth having.

We are also addressing the budget gap by increasing rates on our downtown parking meters and adding meters in the West Loop, which will bring in another \$7 million.

And we will be calling on support from our food and dining industry through a modest increase in our restaurant tax from a quarter of a percent to half a percent, putting Chicago on par with neighboring suburbs.

Though the increase may seem small, it is expected to generate an additional \$20 million in the coming year.

We will increase the library portion of the property tax by \$18 million to fully invest in our libraries and allow them to be open seven days a week.

And, as you all know, Chicago will also be opening a new revenue stream with the legalization of recreational cannabis.

But cannabis is about more than just tax dollars.

I want to stand-up this emerging industry so residents can consume it safely and ancillary businesses can thrive.

But more than that, I want to use this new industry to uplift the economic life of neighborhoods and residents, particularly those in our black and brown communities that have borne the brunt of the War on Drugs.

As hard as it was to find these efficiencies, make these cuts, and develop these new lines of revenue for working families, this is what was needed in order to close our budget gap, and do it equitably and with integrity – and without meaningfully raising property taxes.



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But as significant and challenging as those measures were, this budget still makes needed investments in our residents and communities.

And that begins with violence prevention.

There is no greater calling for me as mayor – and for us as a city – than ensuring the safety of every home and every block in Chicago.

Over these past five months, we have implemented a violence reduction strategy supported by bi-weekly regional coordination meetings and targeted collaborations across City agencies through Public Safety Cabinet Meetings.

While we have made progress, I will not be happy until Chicago is the safest big city in America.

And though we are not there yet, I am proud to report that we are moving in the right direction.

From Memorial Day to Labor Day, murders fell by more than 20 percent.

Meanwhile, shootings and murders are at their lowest levels in four years.

And robberies, burglaries, and vehicle thefts have sunk to 20-year lows.

That is thanks to the leadership of Police Superintendent Eddie Johnson, as well as CPD's rank and file.

They all deserve our respect and admiration for the hard work they do every day.

But for all of our success, that is why we are building on the lessons we've learned – and developing a comprehensive, community-based strategy for the coming year.

No one walks down the street saying they feel "20 percent safer."

With an investment of an additional \$9 million, we will be expanding street outreach through the support of additional community-based workers.



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We will be creating a new pilot program based upon cognitive behavioral therapy to provide intensive support for youth and young adults who are at the highest risk.

Along with case management and support services, both of which will be combined with educational and employment opportunities.

We will be building community capacity for trauma-informed responses to shootings.

And we will continue to invest in our Consent Decree for the Chicago Police Department so our officers continue to receive the training they need.

In addition to violence prevention, this budget also prioritizes homelessness and affordable housing with new dollars to address the needs of Chicago's most vulnerable residents.

First, we will increase funding for homelessness prevention by 36 percent, infusing \$5 million into our Flexible Housing Pool to support individuals who are frequent users of crisis systems such as emergency rooms and shelters, and connect them to supportive housing.

Second, we will increase the number of affordable housing units for Chicago's lowest-income renters by 19 percent, by delivering an additional \$5 million to the Low-Income Housing Trust Fund.

And to the developer community – whether for profit or community-based – we need you to step up in partnership to help us meet this crisis head-on.

These investments are particularly focused on Chicago's young people experiencing homelessness, and alone will reduce youth homelessness by 25 percent.

Helping support young people like Theo Hayes.

Theo grew up on the South Side of Chicago, the son of a single mother with eight siblings.



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Theo struggled after high school when he was unable to find full-time employment.

And after multiple brushes with the law, his family put him out.

Theo was homeless for some time, until eventually, he made his way to La Casa Norte, and thanks to their support, he has been connected to employment and multiple housing opportunities.

Theo's story speaks to the unique needs of our homeless youth and the opportunities we've all needed to recover from our mistakes.

Since making his way to La Casa Norte, Theo will be starting the training program at Blue Sky Bakery on November 1st.

And finally, Chicago will be making long-needed and long-overdue investments in our mental health infrastructure.

We will be fixing our system by charting a new path and a new way forward towards treating, identifying, and supporting our fellow Chicagoans struggling with mental health.

This is an issue that impacts every Chicagoan.

But far too many of Chicago's residents cannot get access to the treatment they need.

We have listened to patients, clinicians and other mental health providers.

What we heard was that patients don't just want access to quality, affordable and personalized, neighborhood care.

We also heard how they don't even know where to find it, don't know how to pay for it, and worry about the stigma associated with it.

That has to change.



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This budget supports our plan, which will see tens of thousands more residents served through better access to care.

And care that is integrated to treat the whole person.

Today, Chicago's mental health system includes over 100 publicly funded clinics providing mental health services to underserved communities – along with dozens more nonprofit mental health organizations.

Our plan will integrate care across this entire system to create a true, comprehensive mental health infrastructure for our entire city.

How are we going to do it?

By making a multi-million dollar investment in community organizations.

Creating a network of outpatient mental health providers to better serve communities most impacted by violence.

We will fund new community mental health care worker and crisis-prevention teams, which will give particular focus to service gaps in our South and West Sides.

We will also invest in our city's clinics to ensure they are fully utilized.

We will improve accessibility to trauma-informed care.

Provide more comprehensive, wrap-around services.

And there will be no more closures or cuts.

Violence prevention. Affordable housing. Homelessness prevention. And mental health.

Though these four areas may seem distinct, they're not.

Each are connected and impact, inform, and reinforce the other.



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By investing in them as the ecosystem that they are, we are not only strengthening them, we are also ensuring the challenges that come with them don't put additional strain on our resources elsewhere.

Our policies are our politics, not the other way around.

As we move forward in the coming year, we will be making a variety of additional investments to support our city's working families and help them thrive.

Investments that drive economic development in our neighborhoods and ensure a real path to economic growth which taps the potential that exists across our entire city for years to come.

Earlier this week, we announced one of those measures, our INVEST South West program.

Marshalling investment from across our government, business and philanthropic sectors, and community groups into revitalizing the commercial cores of underinvested neighborhoods on our South and West Sides.

In total, through INVEST South West the City alone will channel more than \$750 million over the next three years.

I want to praise BMO Harris Bank for their additional \$10 million investment in this initiative.

Now, for the first time, all these forces will be working in concert with one another to build a Chicago we all want to see, and all know is possible.

But this is only the beginning.

We'll be calling on others to join this mission for our city.

Where economic opportunity is fully accessible for all our residents.

Where our South and West Side neighborhoods are growing again.



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And where Chicago's population gets back up to three million.

This effort is different than anything that has come before. We are not doing a series of one-off, disconnected transactions for the community, but not with the community.

We will also be investing half-a-million dollars to support Chicago's local businesses through our Small Business Centers and increasing their reach into our city's neighborhoods, particularly those that have been historically underserved by providing easy access to licensing and other critical information.

Another proposal about which I am particularly proud is fast-tracking the time it takes new businesses to get approval for their signs, down from as much as eight months or longer, to the day they get their business license – so their whole community knows on Day One they are open for business.

I heard about the regulatory mess that businesses of all sizes face in merely getting signage. I want the business community to know we heard you and are fixing this small, but significant problem.

I want to note other important investments.

We will continue to fight back against hate and xenophobia and trumpet our city's great immigrant past, present, and future.

We are a city of nations, and proudly so.

To ensure that we continue to be a real welcoming city, we will continue to invest in our Legal Protection Fund. And we will also continue to support our Community Navigators who embody our values as a Welcoming City.

I stand with our immigrant and refugee communities because it is the only moral choice.

We have Community Navigators with us today. Please give them a round of applause.



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Our 2020 Budget will also institute a path to a \$15 minimum wage in Chicago that we will arrive at by 2021 because our working families can't wait until 2025 to earn enough to live on.

And just as we did when we developed our Fair Work Week legislation, we will roll out our \$15 minimum wage the right way – through on-going work with the City Council, business, labor, and community groups who have been at the table to create prosperity that is not only strong and alleviates poverty – but will stay strong for years to come.

We will be strengthening our fight against climate change this coming year by establishing an Office of the Environment.

Rooted in the values of environmental justice, this new office will use our city's resources to ensure our residents enjoy their rights to clean air and clean water.

And finally, this budget includes the new Utility Billing Relief program, which is an unprecedented, equity-focused effort that will reduce the water utility rates for homeowners with incomes 150 percent below the federal poverty level.

This will also dramatically cut the size of water bills for every other Chicagoan by creating monthly – rather than twice-a-year-bills – and end water billing after an account has been shutoff.

We estimate about 20,000 households are eligible to participate in this targeted relief.

For them, this program will cut water utility taxes, end the threat of water shut-offs, stop any referral to collection agencies.

And after one year of participation, waive all past due water bill debts.

Just as we ended drivers-license suspensions and created new pathways to avoid bankruptcy for City Sticker debt, these reforms are yet another piece of the fines and fees agenda I'm pursuing.



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Ensuring the hardest hit families have pathways to compliance based on their ability to pay.

This will not only offer relief to families struggling to choose between paying their water bill or other services, it will bring in revenue the City currently isn't getting because those residents simply can't afford to pay.

We're doing this because it's good policy.

But we're also doing this because it is the right thing to do.

This budget was created to honor our responsibility as good stewards to our residents and taxpayers, as well as to make the investments needed to support our whole city.

I referred to this budget earlier as a values statement, but this budget is also a call to action.

Since I became mayor, I have been overwhelmed by the level of hope and inspiration Chicagoans across our city have for transformative government.

We routinely receive letters and inquiries from residents asking how they can help.

Now is the time for all of us to step forward and do our part to create a better Chicago that is truly a beacon of hope and opportunity for every resident, no matter your zip code.

As I have said many times before, the challenges we face were not created overnight, and they will not be solved overnight, but they must be solved, and they must be solved by working together.

We need to remember that we are and must be each others' neighbors.

Before I finish, let me share a story that perfectly illustrates this point.

A few weeks ago, I heard a story from a woman about an empty lot near 54th Street and South Prairie Avenue that for years had been covered in trash.



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She was riding the train overhead one day, and something caused her to look down. And she saw something amazing.

Someone had covered that lot with beautiful sunflowers.

As the woman said, when she saw the flowers she broke into tears.

Because what she saw wasn't just a beautiful flowerbed, what she saw was "someone who cares."

"Someone who loves me."

That "someone" happens to be here today.

Ghian Foreman, will you please stand up.

Ghian is the President and CEO of the Emerald South Economic Development Collaborative.

And it was Ghian who caused those beautiful sunflowers to be planted.

That simple act of kindness, neighbor to neighbor, transformed that lot and brought so much joy to so many people.

Being "each other's business" is more than a nice sentiment.

It is the light that will guide our path forward to a just and equitable future.

We are standing on the threshold of a historic moment in our city.

Now is the time – now is the time – for all of us to join together around our common mission and our common purpose.

Our goals are bold, because they have to be.



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We will put everything on the line and fight with everything we've got to make sure every Chicagoan can thrive.

Today and in all the days to come.

I want to thank all of you from the bottom of my heart for the work, passion, and commitment to making this day possible.

I am humbled every day that you have entrusted me with the stewardship of this great city we all call home.

And I can't wait to continue our journey of transformation together in the weeks and months ahead.

Thank you.

God bless you.

And God bless the City of Chicago.

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